

believe that to give a tax break to the first \$250,000 of everybody's income is fair because then the people above that can pay a little more, the same rates they paid when Bill Clinton was President. We need to go back to those days when we created 23 million jobs and when we not only balanced the budget but we created surpluses as far as the eye could see.

The question is, who are you fighting for? Are you fighting for the people who make a billion dollars a year? That is who the Republicans fight for. They get so emotional about it. Or are you fighting for the middle class, the heart and soul of America—the people who live in my towns, the people who live in towns across this Nation, the people who get up every day and put one foot in front of the other and work hard, the people who are trying to raise their families, the people who want us to be fiscally responsible, not have a tax cut that causes huge deficits? We have been there. Trickle-down doesn't work; giving to the top doesn't work. It has brought us the worst recession since the Great Depression.

Vote for the Democrats' plan and against the Republican plan, and do what our President said, which is get this country moving forward again.

I yield the floor.

The PRESIDING OFFICER (Ms. KLOBUCHAR). The Republican leader.

Mr. MCCONNELL. Madam President, I am going to proceed for a few moments on my leader time.

The PRESIDING OFFICER. The Senator has that right.

Mr. MCCONNELL. Madam President, the vote we are about to take on the Democratic plan to raise taxes is interesting for a few reasons. First, it is a revenue measure that didn't originate in the House, so it has no chance whatsoever of becoming law.

Second, it is the perfect example of what you get when you put politics over the people who sent you here. If the Democrats truly believed what the President has been saying out on the stump, they would vote on his plan. But as the vote tally will show, they can barely muster 50 votes on their own plan, let alone his. So for the entire President's talk about supporting a balanced approach to taxes, he evidently can't even get 50 votes for his plan in a Democratic-controlled Senate when we all know he would need 60 votes to get it to his desk.

Instead of voting on the President's plan, our Democratic friends have cobbled together the only thing they could come up with that would muster more than 50 votes—a purely political exercise, and a total waste of time.

But to be honest, I can't imagine why they would want to vote for either one, since both proposals raise taxes on about a million business owners, and both raise taxes on investment, at a time when the economy is in paralysis.

Here is the Democratic plan for the economy: We will get this thing going again—by raising taxes. Let's take

more money out of small business and send it to Washington; that is how we will create jobs, they say. Let us create jobs instead of the small business owners out in America. After all, they don't create jobs anyway; of course, Washington creates jobs.

If you are looking for the legislative equivalent of the President's now famous view that "you didn't build that," this is it.

They don't think you deserve to keep what you have earned because you are not responsible for earning it. They don't think you are entitled to keep what you have earned because, after all, you weren't even responsible for earning it; they are.

That is the message Democrats are sending with today's votes, that you are not responsible for your success; Washington is. So give us your money, and we will handle it for you. That is their tax plan. That is their plan for the economy and for jobs.

Fortunately for the American people, there is another approach. Next week, House Republicans will pass a bill that drew broad bipartisan support in this body 19 months ago, and it would draw broad bipartisan support today if Democrats were more concerned about what is best for creating jobs than they were in centralizing power right here in Washington and pleasing their liberal base.

The Republican proposal is to do no harm and to commit to the kind of serious tax reform we all know we need. That is the vote Senate Republicans are proud to take today and House Republicans will take next week. It is the plan Senate Democrats—and the President—would support if they were serious about jobs.

The Democratic plan is to raise taxes on nearly a million business owners and, in a notable departure from the President, threaten tens of thousands of family farms and ranches with a death tax of 55 percent at the end of the year. That is their plan. That is their idea of economic stimulus. That is the bill they would rather vote on than the President's proposal. And it is absolutely the last thing we need right now.

The good news is that this new, convoluted Democratic bill will never make it to the President's desk. It will never make it. The bad news is they will also vote down the one tax plan that should make it to his desk.

We can do better than this. It is time for the Democrats to work with us on rewarding success and not punishing it. I yield the floor.

The PRESIDING OFFICER. Under the previous order, the cloture motion is withdrawn and the motion to proceed to S. 3412 is agreed to.

#### MIDDLE CLASS TAX CUT ACT

The PRESIDING OFFICER. The clerk will state the bill by title.

The bill clerk read as follows:

A bill (S. 3412) to amend the Internal Revenue Code of 1986 to provide tax relief to middle-class families.

The PRESIDING OFFICER. The Senator from Utah.

AMENDMENT NO. 2573

Mr. HATCH. Madam President, I call up amendment No. 2573 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Utah [Mr. HATCH], for himself and Mr. MCCONNELL, proposes an amendment numbered 2573.

The amendment is as follows:

(Purpose: In the nature of a substitute)

Strike all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Tax Hike Prevention Act of 2012".

#### SEC. 2. TEMPORARY EXTENSION OF 2001 TAX RELIEF.

(a) IN GENERAL.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking "December 31, 2012" both places it appears and inserting "December 31, 2013".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001.

#### SEC. 3. TEMPORARY EXTENSION OF 2003 TAX RELIEF.

(a) IN GENERAL.—Section 303 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 is amended by striking "December 31, 2012" and inserting "December 31, 2013".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the Jobs and Growth Tax Relief Reconciliation Act of 2003.

#### SEC. 4. ALTERNATIVE MINIMUM TAX RELIEF.

(a) TEMPORARY EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.—

(1) IN GENERAL.—Paragraph (1) of section 55(d) of the Internal Revenue Code of 1986 is amended—

(A) by striking "\$72,450" and all that follows through "2011" in subparagraph (A) and inserting "\$78,750 in the case of taxable years beginning in 2012 and \$79,850 in the case of taxable years beginning in 2013", and

(B) by striking "\$47,450" and all that follows through "2011" in subparagraph (B) and inserting "\$50,600 in the case of taxable years beginning in 2012 and \$51,150 in the case of taxable years beginning in 2013".

(b) TEMPORARY EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.—

(1) IN GENERAL.—Paragraph (2) of section 26(a) of the Internal Revenue Code of 1986 is amended—

(A) by striking "or 2011" and inserting "2011, 2012, or 2013", and

(B) by striking "2011" in the heading thereof and inserting "2013".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2011.

#### SEC. 5. EXTENSION OF INCREASED EXPENSING LIMITATIONS AND TREATMENT OF CERTAIN REAL PROPERTY AS SECTION 179 PROPERTY.

(a) IN GENERAL.—

(1) DOLLAR LIMITATION.—Section 179(b)(1) of the Internal Revenue Code of 1986 is amended—

(A) by striking "2010 or 2011," in subparagraph (B) and inserting "2010, 2011, 2012, or 2013, and",

(B) by striking subparagraph (C),

(C) by redesignating subparagraph (D) as subparagraph (C), and

(D) in subparagraph (C), as so redesignated, by striking "2012" and inserting "2013".

(2) REDUCTION IN LIMITATION.—Section 179(b)(2) of such Code is amended—

(A) by striking "2010 or 2011," in subparagraph (B) and inserting "2010, 2011, 2012, or 2013, and";

(B) by striking subparagraph (C),

(C) by redesignating subparagraph (D) as subparagraph (C), and

(D) in subparagraph (C), as so redesignated, by striking "2012" and inserting "2013".

(3) CONFORMING AMENDMENT.—Subsection (b) of section 179 of such Code is amended by striking paragraph (6).

(b) COMPUTER SOFTWARE.—Section 179(d)(1)(A)(ii) of the Internal Revenue Code of 1986 is amended by striking "2013" and inserting "2014".

(c) ELECTION.—Section 179(c)(2) of the Internal Revenue Code of 1986 is amended by striking "2013" and inserting "2014".

(d) SPECIAL RULES FOR TREATMENT OF QUALIFIED REAL PROPERTY.—

(1) IN GENERAL.—Section 179(f)(1) of the Internal Revenue Code of 1986 is amended by striking "2010 or 2011" and inserting "2010, 2011, 2012, or 2013".

(2) CARRYOVER LIMITATION.—

(A) IN GENERAL.—Section 179(f)(4) of such Code is amended by striking "2011" each place it appears and inserting "2013".

(B) CONFORMING AMENDMENT.—The heading for subparagraph (C) of section 179(f)(4) of such Code is amended by striking "2010" and inserting "2010, 2011 AND 2012".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2011.

#### SEC. 6. INSTRUCTIONS FOR TAX REFORM.

(a) IN GENERAL.—The Senate Committee on Finance shall report legislation not later than 12 months after the date of the enactment of this Act that consists of changes in laws within its jurisdiction which meet the requirements of subsection (b).

(b) REQUIREMENTS.—Legislation meets the requirements of this subsection if the legislation—

(1) simplifies the Internal Revenue Code of 1986 by reducing the number of tax preferences and reducing individual tax rates proportionally, with the highest individual tax rate significantly below 35 percent;

(2) permanently repeals the alternative minimum tax;

(3) is projected, when compared to the current tax policy baseline, to be revenue neutral or result in revenue losses;

(4) has a dynamic effect which is projected to stimulate economic growth and lead to increased revenue;

(5) applies any increased revenue from stimulated economic growth to additional rate reductions and does not permit any such increased revenue to be used for additional Federal spending;

(6) retains a progressive tax code; and

(7) provides for revenue-neutral reform of the taxation of corporations and businesses by—

(A) providing a top tax rate on corporations of no more than 25 percent; and

(B) implementing a competitive territorial tax system.

Mr. HATCH. Madam President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the amendment.

The clerk will call the roll.

The bill clerk called the roll.

Mr. KYL. The following Senator is necessarily absent: the Senator from Illinois (Mr. KIRK).

The VICE PRESIDENT. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 45, nays 54, as follows:

[Rollcall Vote No. 183 Leg.]

YEAS—45

Alexander	Graham	Moran
Ayotte	Grassley	Murkowski
Barrasso	Hatch	Paul
Blunt	Heller	Portman
Boozman	Hoeven	Pryor
Burr	Hutchison	Risch
Chambliss	Inhofe	Roberts
Coats	Isakson	Rubio
Coburn	Johanns	Sessions
Cochran	Johnson (WI)	Shelby
Corker	Kyl	Snowe
Cornyn	Lee	Thune
Crapo	Lugar	Toomey
DeMint	McCain	Vitter
Enzi	McConnell	Wicker

NAYS—54

Akaka	Franken	Mikulski
Baucus	Gillibrand	Murray
Begich	Hagan	Nelson (NE)
Bennet	Harkin	Nelson (FL)
Bingaman	Inouye	Reed
Blumenthal	Johnson (SD)	Reid
Boxer	Kerry	Rockefeller
Brown (MA)	Klobuchar	Sanders
Brown (OH)	Kohl	Schumer
Cantwell	Landrieu	Shaheen
Cardin	Lautenberg	Stabenow
Carper	Leahy	Tester
Casey	Levin	Udall (CO)
Collins	Lieberman	Udall (NM)
Conrad	Manchin	Warner
Coons	McCaskill	Webb
Durbin	Menendez	Whitehouse
Feinstein	Merkley	Wyden

NOT VOTING—1

Kirk

The amendment (No. 2573) was rejected.

The VICE PRESIDENT. The majority leader.

Mr. REID. Mr. President, the Republicans' tax hike on the middle class has just been defeated. Their plan would have raised taxes by about \$1,000 for 25 million middle-class families while giving millionaires an average of a \$160,000 tax break. So let's look at that. Their bill would have raised taxes on 25 million middle-class families by about \$1,000 a year, and it would have given millionaires a \$160,000 tax break. Those numbers are staggering. Their bill would have raised taxes on parents trying to pay for college, on families—especially large families—with children. So it is no wonder a majority of Senators opposed that legislation.

In just a short time there will be a bill that will pass cut taxes for 98 percent of Americans, including every middle-class taxpayer and more than 97 percent of small businesses. This plan, proposed by President Obama, would cut taxes for 114 million American families. Theirs raises taxes for 25 million middle-class families. This is the only bill that has a chance of becoming law, so it is the only plan that would actually give a middle-class family the security of avoiding their fiscal cliff. The House should take up this legislation and pass it.

President Obama believes we must keep taxes low for 98 percent of Ameri-

cans. Democrats agree. So do the majority of Americans. A majority of Republicans, around this country believe taxes should remain low for the middle class but the top 2 percent should pay their fair share to reduce the debt. The bill the Senate is about to pass respects the will of the American people, including a majority of Republicans in America outside the Halls of this Congress. Republican Members of Congress disagree with a majority of Republicans.

The President, of course, has said he will sign the bill immediately. But now Republicans are threatening to hide behind yet another arcane procedural maneuver to stall this crucial legislation, and this will get the attention of the American people. They are threatening to do something called blue slip this because revenue-raising resolutions must be originated in the House of Representatives. But my Republican colleagues have very short memories. Senate Republicans are all too happy to bypass the procedural hoop when it suits their purposes. They are willing to go around it when it is time to reauthorize the FAA. They were willing to sidestep it when we passed the Violence Against Women Act. We did that here in the Senate. They were willing to dodge it when we passed the Transportation bill that was so important to this country. But now their excuse for stalling a tax cut for 98 percent of the American people is an old procedural trick that the American people do not understand, and rightfully so.

If Republicans in the House fail to act on this bill, taxes will rise by \$2,200 for the typical middle-class family of four. That is \$2,200 less to spend on gas, groceries, rent, and life in general for these people. This tax hike on ordinary families couldn't come at a worse time—just as our economy is doing its utmost to get back on its feet.

Republicans should not force middle-class families off their fiscal cliff to protect more wasteful giveaways to millionaires and billionaires—an average of \$160,000 a year per millionaire. Democrats believe this country can't afford more budget-busting giveaways for the top 2 percent of earners. Again, Republicans in America agree with us. It is only here in the Senate that the Republicans don't agree. But that is a debate we are willing to have, and the House Republicans need not hold tax cuts for the middle class hostage in order to have that debate. They can and should pass our middle-class tax cuts immediately.

Once we give middle-class families security, we can spend the next 5 months debating whether wealthy families need more tax breaks. We know how the American people feel—just like we do.

The VICE PRESIDENT. The Republican leader.

Mr. McCONNELL. Mr. President, first let me welcome the Vice President here today, our good friend who served for so many years in the Senate.

It reminds me of the negotiation he and I conducted in December of 2010. I got a call from the Vice President one day, and he said: The President thought we ought to talk about the possibility of extending the current tax rates for everyone because the economy is not doing very well, and the worst thing we could do would be to raise taxes on anyone in the middle of this economic situation.

I said: Mr. Vice President, I think that is something we would be interested in.

So the Vice President and I negotiated for a period of time and agreed that because the economy was not doing well in December 2010, we ought to extend the current tax rates for everyone.

I can remember the signing ceremony. I was there. The majority leader was not. The Speaker of the House was not. The President made a speech in signing an extension of the current tax rates for everyone that I could have made myself. Forty Members of the Senate on the Democratic side voted for it.

Today, my colleagues, the economy is growing slower than it was in December of 2010. So we know this is not about the economy; we know this is about the election. We all know there is an election going on. There is politics from time to time practiced here in the Senate. I am not offended by that. But I think what the American people would like to hear from us is a response to the economic situation.

This proposal guarantees that taxes will go up on roughly 1 million of our most successful small businesses. Over 50 percent of small business income—25 percent of the workforce—will be affected by it. It guarantees that taxes will go up on capital gains, on dividends, which provide the income for a huge number of our senior citizens. This is a uniquely bad idea. It may poll well, as my friend the majority leader indicated, but, of course, the fact that he needed to mention that illustrates the point that this is more about the election than it is about the economy.

So I would predict there will probably be bipartisan opposition to this proposal. I am sure a few arms have been twisted in order to get the result. The Vice President is at a disadvantage: he can't speak, being an occupant of the chair. But in this particular instance, he is actually better not to because he would have the dilemma of trying to explain the difference between the economic situation the country confronts today and the condition the country confronted in December of 2010 when the economy was doing better. So be grateful, I say to my friend the Vice President. This is a debate I don't think you would want to lead.

With that, my colleagues and friends, I urge a "no" vote on this very, very bad idea for the U.S. economy.

The VICE PRESIDENT. The majority leader.

Mr. REID. Mr. President, in 2010 the country was staring at what had taken place the prior 8 years—8 million jobs lost. What has happened in the years since 2010 that my friend the Republican leader talks about? This administration has created 4.5 million jobs. We haven't filled the hole we lost during the 8 years of the prior President, but we have made some progress. We all acknowledge we need to do more, but don't ever compare today with 2010.

First of all, everyone understands, all you folks who love to give tax cuts to the millionaires, our bill does that also. The first \$250,000 they make is treated just like a middle-class family.

I would also point everyone to this. I have talked about the Republicans around the country supporting this legislation. Of course they do. They know the deficit needs to be handled, and they know that about \$1 trillion is what our legislation will do to fill the hole of the debt.

But also, people who are in this great country of ours who have done so well understand that they are supposed to contribute more. They know that. My friend doesn't like to hear polls, but let me give him another one. Sixty-five percent of these really rich people are willing to pay more taxes. Again, the people who are unwilling to do this are people who signed a pledge for this person, Grover Norquist. And remember, there was a little vacillating about a month ago, so he came up here and had somebody renew their vows with him.

So we are on the side of the angels; we are on the side of the American people because this legislation that is going to pass is what is good for the American people. And I ask that we have that vote now.

Mr. McCONNELL addressed the Chair.

Mr. REID. Remember, I always get the last word.

Mr. McCONNELL. Let me briefly add that I listened carefully to what my friend the majority leader said. He once again was making it clear this is about the campaign. It is about the campaign and not about the economy.

But if you listen carefully to the rhetoric, what he is saying here is that these million businesses didn't create this success; that we somehow need to take this money because we will spend it better on their behalf.

Now, I know my colleague is going to get the last word, and that is fine. I am happy for him to have it. But the fact is this: The economy is in worse shape today than it was in December of 2010—worse shape today. The growth rate is slower. The President signed this bill, advocated its passage back then because the economy didn't need to get hit with a big tax increase. The growth rate is slower today. The economic situation remains largely the same. The worst we could do in the middle of this economic condition is to pass this tax increase.

Now my friend the majority leader can have the last word, and then we will be happy to go to a vote.

The VICE PRESIDENT. The majority leader.

Mr. REID. Mr. President, they may have different newspapers in Kentucky than I read. I get my Nevada clips every day. I try to read some papers from back home. We have now 28 months of job growth in the private sector, 20 months in a row. That is pretty good.

This legislation is about the debt. It is about the debt. We have to do something about the debt, and we have tried mightily to do that. We have tried mightily.

We had the Conrad-Judd Gregg legislation. Seven people who are Republican Senators who cosponsored that wouldn't vote for it and allow me to get it on the floor because they had adopted the Republican leader's philosophy that the most important thing we can do is defeat President Obama for reelection. Then we went to Bowles-Simpson, which was a program we put together when we couldn't get that legislation. That was so good, by two of our best financial minds in the Senate, Judd Gregg and KENT CONRAD. And Bowles-Simpson didn't make it. Then we had a series of talks with the President and the Speaker. Always, we could never quite get it done. Why? Even though my friend and I care about him, JOHN BOEHNER said, I want to do big things, not little things. One of the little things he couldn't do is get his caucus to agree to just a little bit of revenue so we could have a deal, the grand bargain. Then we tried the BIDEN talks. The majority leader in the House of Representatives walked out on those talks. Then we had the supercommittee, and about 1 week before, by statute, PATTY MURRAY and her troops were supposed to offer the legislation, I got a letter signed by virtually every Republican Senator saying: No thanks. Grover wins again. No revenues.

This is about our country, about doing something about a debt. It will contribute about \$1 trillion to the debt. That is not bad.

The VICE PRESIDENT. The Republican leader.

Mr. McCONNELL. Mr. President, I heard my good friend the majority leader say this is about the deficit. This will produce enough revenue to operate the government for about 1 week. This would produce about enough revenue to operate the government for about 1 week.

This is not about the deficit or the debt, this is about the campaign. We all know there is a campaign going on, but why don't we do serious legislating here? No budget, no appropriation bills, no DOD authorization bill. When are we going to actually pass things in the Senate?

This is a uniquely bad idea for the economy. The good news that I can say to the American people is that it isn't going to happen today. It ought not to

happen anytime. This is part of the fiscal cliff we are facing at the end of the year. The Chairman of the Fed is concerned about it, the Congressional Budget Office, which Republicans certainly don't run, is concerned about it. We have heard talk on the other side that we should have Thelma and Louise economics and just drive the country right off the cliff. We all get in the car and go right off the cliff together and see what it is like.

The American people know a campaign is going on, but why don't we in here try to do something important for the country now. The campaign will take care of itself. This is not a serious piece of legislation because it is not going anywhere, and thank goodness it is not going anywhere because it would be bad for the economy and the single worst thing we could do to the country.

**THE VICE PRESIDENT.** The majority leader.

**Mr. REID.** Mr. President, required reading for decades now has been George Orwell. College students read it now just like I did when I was in college. George Orwell came to the conclusion that we have arrived at a time where up is down and down is up, and that is what my friend, the Republican leader, has done. If there were ever a statement Orwellian, it is his.

We haven't done the appropriations bill. Stop and think just 1 minute. Does the minority leader think 85 filibusters had anything to do with that? Eighty-five filibusters. We haven't done a budget. That is poppycock. We have one. We did it, and my Republican friends—I appreciate it—voted with us. We have our numbers right now. We could have done every appropriations bill. Chairman INOUE marked them up. We can't do them because we have to overcome 85 filibusters.

For my friend to say, let's do something important, please—is this bill we are going to pass important? You bet it is. He said it would only pay for the government for 1 week or whatever the number was. Over 10 years, it is \$1 trillion. Over 1 year, it is \$100 billion. Even in Las Vegas that is not chump change. I wish we would vote now.

**THE VICE PRESIDENT.** The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

**THE VICE PRESIDENT.** The question is on the passage of S. 3412.

**Mr. MCCONNELL.** I ask for the yeas and nays.

**THE VICE PRESIDENT.** Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

**Mr. KYL.** The following Senator is necessarily absent: the Senator from Illinois (Mr. KIRK).

**THE VICE PRESIDENT.** Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 51, nays 48, as follows:

[Rollcall Vote No. 184 Leg.]

#### YEAS—51

Akaka	Gillibrand	Murray
Baucus	Hagan	Nelson (NE)
Begich	Harkin	Nelson (FL)
Bennet	Inouye	Pryor
Bingaman	Johnson (SD)	Reed
Blumenthal	Kerry	Reid
Boxer	Klobuchar	Rockefeller
Brown (OH)	Kohl	Sanders
Cantwell	Landrieu	Schumer
Cardin	Lautenberg	Shaheen
Carper	Leahy	Stabenow
Casey	Levin	Tester
Conrad	Manchin	Udall (CO)
Coons	McCaskill	Udall (NM)
Durbin	Menendez	Warner
Feinstein	Merkley	Whitehouse
Franken	Mikulski	Wyden

#### NAYS—48

Alexander	Enzi	McConnell
Ayotte	Graham	Moran
Barrasso	Grassley	Murkowski
Blunt	Hatch	Paul
Boozman	Heller	Portman
Brown (MA)	Hoeven	Risch
Burr	Hutchison	Roberts
Chambliss	Inhofe	Rubio
Coats	Isakson	Sessions
Coburn	Johanns	Shelby
Cochran	Johnson (WI)	Snowe
Collins	Kyl	Thune
Corker	Lee	Toomey
Cornyn	Lieberman	Vitter
Crapo	Lugar	Webb
DeMint	McCain	Wicker

#### NOT VOTING—1

Kirk

The bill (S. 3412) was passed, as follows:

#### S. 3412

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE; ETC.

(a) **SHORT TITLE.**—This Act may be cited as the “Middle Class Tax Cut Act”.

(b) **AMENDMENT OF 1986 CODE.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) **TABLE OF CONTENTS.**—The table of contents of this Act is as follows:

Sec. 1. Short title; etc.

#### TITLE I—TEMPORARY EXTENSION OF TAX RELIEF

Sec. 101. Temporary extension of 2001 tax relief.

Sec. 102. Temporary extension of 2003 tax relief.

Sec. 103. Temporary extension of 2010 tax relief.

Sec. 104. Temporary extension of election to expense certain depreciable business assets.

#### TITLE II—ALTERNATIVE MINIMUM TAX RELIEF

Sec. 201. Temporary extension of increased alternative minimum tax exemption amount.

Sec. 202. Temporary extension of alternative minimum tax relief for non-refundable personal credits.

#### TITLE III—BUDGETARY EFFECTS

Sec. 301. Budgetary effects.

#### TITLE I—TEMPORARY EXTENSION OF TAX RELIEF

##### SEC. 101. TEMPORARY EXTENSION OF 2001 TAX RELIEF.

(a) **TEMPORARY EXTENSION.**—

(1) **IN GENERAL.**—Section 901(a)(1) of the Economic Growth and Tax Relief Reconcili-

ation Act of 2001 is amended by striking “December 31, 2012” and inserting “December 31, 2013”.

(2) **EFFECTIVE DATE.**—The amendment made by this subsection shall take effect as if included in the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001.

(b) **APPLICATION TO CERTAIN HIGH-INCOME TAXPAYERS.**—

(1) **INCOME TAX RATES.**—

(A) **TREATMENT OF 25- AND 28-PERCENT RATE BRACKETS.**—Paragraph (2) of section 1(i) is amended to read as follows:

“(2) 25- AND 28-PERCENT RATE BRACKETS.—The tables under subsections (a), (b), (c), (d), and (e) shall be applied—

“(A) by substituting ‘25%’ for ‘28%’ each place it appears (before the application of subparagraph (B)), and

“(B) by substituting ‘28%’ for ‘31%’ each place it appears.”.

(B) **33-PERCENT RATE BRACKET.**—Subsection (i) of section 1 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

“(3) 33-PERCENT RATE BRACKET.—

“(A) **IN GENERAL.**—In the case of taxable years beginning after December 31, 2012—

“(i) the rate of tax under subsections (a), (b), (c), and (d) on a taxpayer's taxable income in the fourth rate bracket shall be 33 percent to the extent such income does not exceed an amount equal to the excess of—

“(I) the applicable amount, over

“(II) the dollar amount at which such bracket begins, and

“(ii) the 36 percent rate of tax under such subsections shall apply only to the taxpayer's taxable income in such bracket in excess of the amount to which clause (i) applies.

“(B) **APPLICABLE AMOUNT.**—For purposes of this paragraph, the term ‘applicable amount’ means the excess of—

“(i) the applicable threshold, over

“(ii) the sum of the following amounts in effect for the taxable year:

“(I) the basic standard deduction (within the meaning of section 63(c)(2)), and

“(II) the exemption amount (within the meaning of section 151(d)(1) (or, in the case of subsection (a), 2 such exemption amounts).

“(C) **APPLICABLE THRESHOLD.**—For purposes of this paragraph, the term ‘applicable threshold’ means—

“(i) \$250,000 in the case of subsection (a),

“(ii) \$225,000 in the case of subsection (b),

“(iii) \$200,000 in the case of subsections (c), and

“(iv) ½ the amount applicable under clause (i) (after adjustment, if any, under subparagraph (E)) in the case of subsection (d).

“(D) **FOURTH RATE BRACKET.**—For purposes of this paragraph, the term ‘fourth rate bracket’ means the bracket which would (determined without regard to this paragraph) be the 36-percent rate bracket.

“(E) **INFLATION ADJUSTMENT.**—For purposes of this paragraph, with respect to taxable years beginning in calendar years after 2012, each of the dollar amounts under clauses (i), (ii), and (iii) of subparagraph (C) shall be adjusted in the same manner as under paragraph (1)(C), except that subsection (f)(3)(B) shall be applied by substituting ‘2008’ for ‘1992’.”.

(2) **PHASEOUT OF PERSONAL EXEMPTIONS AND ITEMIZED DEDUCTIONS.**—

(A) **OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.**—Section 68 is amended—

(i) by striking “the applicable amount” the first place it appears in subsection (a) and inserting “the applicable threshold in effect under section 1(i)(3)”,

(ii) by striking “the applicable amount” in subsection (a)(1) and inserting “such applicable threshold”.

(iii) by striking subsection (b) and redesignating subsections (c), (d), and (e) as subsections (b), (c), and (d), respectively, and

(iv) by striking subsections (f) and (g).

(B) PHASEOUT OF DEDUCTIONS FOR PERSONAL EXEMPTIONS.—

(i) IN GENERAL.—Paragraph (3) of section 151(d) is amended—

(I) by striking “the threshold amount” in subparagraphs (A) and (B) and inserting “the applicable threshold in effect under section 1(i)(3)”.

(II) by striking subparagraph (C) and redesignating subparagraph (D) as subparagraph (C), and

(III) by striking subparagraphs (E) and (F).

(ii) CONFORMING AMENDMENTS.—Paragraph (4) of section 151(d) is amended—

(I) by striking subparagraph (B),

(II) by redesignating clauses (i) and (ii) of subparagraph (A) as subparagraphs (A) and (B), respectively, and by indenting such subparagraphs (as so redesignated) accordingly, and

(III) by striking all that precedes “in a calendar year after 1989,” and inserting the following:

“(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning”.

(c) EFFECTIVE DATE.—Except as otherwise provided, the amendments made by this section shall apply to taxable years beginning after December 31, 2012.

(d) APPLICATION OF EGTRRA SUNSET.—Each amendment made by subsection (b) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 to the same extent and in the same manner as if such amendment was included in title I of such Act.

## SEC. 102. TEMPORARY EXTENSION OF 2003 TAX RELIEF.

(a) EXTENSION.—

(1) IN GENERAL.—Section 303 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 is amended by striking “December 31, 2012” and inserting “December 31, 2013”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the enactment of the Jobs and Growth Tax Relief Reconciliation Act of 2003.

(b) 20-PERCENT CAPITAL GAINS RATE FOR CERTAIN HIGH INCOME INDIVIDUALS.—

(1) IN GENERAL.—Paragraph (1) of section 1(h) is amended by striking subparagraph (C), by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F) and by inserting after subparagraph (B) the following new subparagraphs:

“(C) 15 percent of the lesser of—

“(i) so much of the adjusted net capital gain (or, if less, taxable income) as exceeds the amount on which a tax is determined under subparagraph (B), or

“(ii) the excess (if any) of—

“(I) the amount of taxable income which would (without regard to this paragraph) be taxed at a rate below 36 percent, over

“(II) the sum of the amounts on which a tax is determined under subparagraphs (A) and (B),

“(D) 20 percent of the adjusted net capital gain (or, if less, taxable income) in excess of the sum of the amounts on which tax is determined under subparagraphs (B) and (C).”.

(2) MINIMUM TAX.—Paragraph (3) of section 55(b) is amended by striking subparagraph (C), by redesignating subparagraph (D) as subparagraph (E), and by inserting after subparagraph (B) the following new subparagraphs:

“(C) 15 percent of the lesser of—

“(i) so much of the adjusted net capital gain (or, if less, taxable excess) as exceeds

the amount on which tax is determined under subparagraph (B), or

“(ii) the excess described in section 1(h)(1)(C)(ii), plus

“(D) 20 percent of the adjusted net capital gain (or, if less, taxable excess) in excess of the sum of the amounts on which tax is determined under subparagraphs (B) and (C), plus”.

(c) CONFORMING AMENDMENTS.—

(1) The following provisions are each amended by striking “15 percent” and inserting “20 percent”:

(A) Section 531.

(B) Section 541.

(C) Section 1445(e)(1).

(D) The second sentence of section 7518(g)(6)(A).

(E) Section 53511(f)(2) of title 46, United States Code.

(2) Sections 1(h)(1)(B) and 55(b)(3)(B) are each amended by striking “5 percent (0 percent in the case of taxable years beginning after 2007)” and inserting “0 percent”.

(3) Section 1445(e)(6) is amended by striking “15 percent (20 percent in the case of taxable years beginning after December 31, 2010)” and inserting “20 percent”.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided, the amendments made by subsections (b) and (c) shall apply to taxable years beginning after December 31, 2012.

(2) WITHHOLDING.—The amendments made by paragraphs (1)(C) and (3) of subsection (c) shall apply to amounts paid on or after January 1, 2013.

(e) APPLICATION OF JGTRRA SUNSET.—Each amendment made by subsections (b) and (c) shall be subject to section 303 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 to the same extent and in the same manner as if such amendment was included in title III of such Act.

## SEC. 103. TEMPORARY EXTENSION OF 2010 TAX RELIEF.

(a) AMERICAN OPPORTUNITY TAX CREDIT.—

(1) IN GENERAL.—Section 25A(i) is amended by striking “or 2012” and inserting “2012, or 2013”.

(2) TREATMENT OF POSSESSIONS.—Section 1004(c)(1) of division B of the American Recovery and Reinvestment Tax Act of 2009 is amended by striking “and 2012” each place it appears and inserting “2012, and 2013”.

(b) CHILD TAX CREDIT.—Section 24(d)(4) is amended—

(1) by striking “AND 2012” in the heading and inserting “2012, AND 2013”, and

(2) by striking “or 2012” and inserting “2012, or 2013”.

(c) EARNED INCOME TAX CREDIT.—Section 32(b)(3) is amended—

(1) by striking “AND 2012” in the heading and inserting “2012, AND 2013”, and

(2) by striking “or 2012” and inserting “2012, or 2013”.

(d) TEMPORARY EXTENSION OF RULE DISREGARDING REFUNDS IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.—Subsection (b) of section 6409 is amended by striking “December 31, 2012” and inserting “December 31, 2013”.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2012.

(2) RULE DISREGARDING REFUNDS IN THE ADMINISTRATION OF CERTAIN PROGRAMS.—The amendment made by subsection (d) shall apply to amounts received after December 31, 2012.

## SEC. 104. TEMPORARY EXTENSION OF ELECTION TO EXPENSE CERTAIN DEPRECIABLE BUSINESS ASSETS.

(a) IN GENERAL.—

(1) DOLLAR LIMITATION.—Section 179(b)(1) is amended—

(A) by striking “and” at the end of subparagraph (C),

(B) by redesignating subparagraph (D) as subparagraph (E),

(C) by inserting after subparagraph (C) the following new subparagraph:

“(D) \$250,000 in the case of taxable years beginning in 2013, and”, and

(D) in subparagraph (E), as so redesignated, by striking “2012” and inserting “2013”.

(2) REDUCTION IN LIMITATION.—Section 179(b)(2) is amended—

(A) by striking “and” at the end of subparagraph (C),

(B) by redesignating subparagraph (D) as subparagraph (E),

(C) by inserting after subparagraph (C) the following new subparagraph:

“(D) \$800,000 in the case of taxable years beginning in 2013, and”, and

(D) in subparagraph (E), as so redesignated, by striking “2012” and inserting “2013”.

(b) COMPUTER SOFTWARE.—Section 179(d)(1)(A)(ii) is amended by striking “2013” and inserting “2014”.

(c) ELECTION.—Section 179(c)(2) is amended by striking “2013” and inserting “2014”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2012.

## TITLE II—ALTERNATIVE MINIMUM TAX RELIEF

### SEC. 201. TEMPORARY EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.

(a) IN GENERAL.—Paragraph (1) of section 55(d) is amended—

(1) by striking “\$72,450” and all that follows through “2011” in subparagraph (A) and inserting “\$78,750 in the case of taxable years beginning in 2012”, and

(2) by striking “\$47,450” and all that follows through “2011” in subparagraph (B) and inserting “\$50,600 in the case of taxable years beginning in 2012”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2011.

### SEC. 202. TEMPORARY EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.

(a) IN GENERAL.—Paragraph (2) of section 26(a) is amended—

(1) by striking “or 2011” and inserting “2011, or 2012”, and

(2) by striking “2011” in the heading thereof and inserting “2012”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2011.

## TITLE III—BUDGETARY EFFECTS

### SEC. 301. BUDGETARY EFFECTS.

(a) PAYGO SCORECARD.—The budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.

(b) SENATE PAYGO SCORECARD.—The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 201 of S. Con. Res. 21 (110th Congress).

Mr. REID. Mr. President, I move to reconsider the vote.

Mr. DURBIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Ms. KLOBUCHAR. Mr. President, I rise today in support of the Middle Class Tax Relief Act. This afternoon, I voted for legislation that would have extended the middle-class tax cuts through 2013.

In Minnesota, 2 million families and small businesses will see their Federal income taxes increase by an average of \$1,600 unless the middle-class tax cuts are extended. Instead of waiting until the eleventh hour, this legislation would have provided certainty for families and small businesses that their already squeezed budgets won't have to be trimmed further in the coming year.

I would like to make clear that extending the middle-class tax cuts is just the first step. There is a growing majority here that favors comprehensive tax reform that would simplify the Tax Code, broaden the base, and lower tax rates. Passing the middle-class tax cuts today would give us time to reach consensus on the details of reform that would streamline our Tax Code, pay down our debt, and ensure the United States remains competitive.

We also must take action on the estate tax. If Congress does nothing, the exemption would drop to \$1 million and the rate would rise to 55 percent. This is not an acceptable outcome and would hurt farmers and small businesses in Minnesota who have worked hard to build a legacy they can pass on to their children and grandchildren. In the past we have come together to pass compromise levels that don't harm farmers and small business owners, while still being mindful of our deficit. I will work to ensure it happens again.

Mr. BENNET. Mr. President, I rise to talk briefly about the estate tax and Colorado's agricultural community and small businesses. While I voted in favor of the Middle Class Tax Cut Act, I do not believe that this legislation represents an end to the tax reform debate in Washington. In particular, it is important that we find a bipartisan and responsible path forward on the estate tax that provides the necessary certainty for businesses and families across Colorado. This is vital for Colorado's economy. I am committed to working with my colleagues in Congress to establish an estate tax policy that works for small businesses, family farms and ranches, and all Coloradans.

#### CYBERSECURITY ACT OF 2012— MOTION TO PROCEED

Mr. REID. I now move to proceed to Calendar No. 470, S. 3414.

The VICE PRESIDENT. The clerk will report.

The bill clerk read as follows:

Motion to proceed to Calendar No. 470, S. 3414, a bill to enhance the security and resiliency of the cyber and communications infrastructure of the United States.

#### CLOTURE MOTION

Mr. REID. Mr. President, I have a cloture motion which has been filed at the desk and I ask that it be reported.

The VICE PRESIDENT. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The bill clerk read as follows:

#### CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the

Standing Rules of the Senate, hereby move to bring to a close debate on the motion to proceed to calendar No. 470, S. 3414, a bill to enhance the security and resiliency of the cyber and communications infrastructure of the United States.

Harry Reid, Joseph I. Lieberman, John D. Rockefeller IV, Dianne Feinstein, Sheldon Whitehouse, Barbara A. Mikulski, Barbara Boxer, Jeff Bingaman, Patty Murray, Max Baucus, Charles E. Schumer, Bill Nelson, Christopher A. Coons, Tom Udall, Carl Levin, Mark R. Warner, Ben Nelson.

Mr. REID. Mr. President, I now ask unanimous consent that the mandatory quorum under rule XXII be waived.

The VICE PRESIDENT. Without objection, it is so ordered.

#### HONORING SENATOR LEAHY AND SENATOR LUGAR

Mr. REID. Mr. President, I rise with great pleasure to honor my colleagues, Senator PATRICK LEAHY of Vermont and DICK LUGAR of Indiana, as they reach a milestone in their careers. They each cast a momentous vote just a short time ago. For Senator LEAHY, the vote just cast is his 14,000th rollcall vote. For Senator LUGAR—it is interesting that it is the same day and 1,000 votes apart—it is his 13,000th. These two fine men and dedicated Senators share the milestone purely by coincidence.

I applaud PAT LEAHY, my dear friend, who has always possessed a great drive to serve. Maybe it was growing up across from the State House in Montpelier that put the idea in his head from such a young age.

After graduating from Georgetown University Law School, PAT served 8 years as State's attorney for Vermont before coming to the Senate. He continues to exercise his fine legal mind as chairman of the Senate Judiciary Committee. Senator LEAHY has also led the fight against landmines, as well as numerous landmark pieces of legislation on which he has been the leader.

PAT is loved by the people of Vermont. His intellect and his oratorical skills, his boldness, and his persuasiveness are all overshadowed by one thing—by his teammate Marcelle. Marcelle is clearly his greatest asset.

I also commend my colleague Senator LUGAR on reaching his milestone of his 13,000th vote. Senator LUGAR is a fifth-generation Hoosier, a proud Navy veteran, and the longest serving Member of Congress in Indiana history. He is also a bit of an overachiever, graduating first in both his high school and college classes, and going on to become a Rhodes Scholar at Oxford.

As ranking member of the Foreign Relations Committee and past chairman of the committee, having served with the Presiding Officer for decades, he has dedicated his time in the Senate to reducing the threat of nuclear, chemical, and biological weapons.

It has been my distinct pleasure to watch both of these fine Senators work tirelessly on behalf of the United States. I congratulate both of them on

their service and on reaching this impressive milestone.

The VICE PRESIDENT. The Republican leader.

Mr. McCONNELL. Mr. President, as the majority leader has indicated, two legislative milestones have been reached in the Senate today by two dedicated and long-serving Senators who happen to be from different sides of the aisle. I pay tribute to the senior Senator from Vermont, Mr. LEAHY, for casting his 14,000th vote, and to the senior Senator from Indiana, Mr. LUGAR, for casting his 13,000th vote.

To put these milestones in perspective:

Senator LEAHY, a Member of the Senate since 1975, ranks sixth on the all-time rollcall vote list, most recently passing former Senator Pete Domenici. Senator LUGAR, who was first elected to the Senate 2 years later, in 1976, ranks tenth on the all-time list and most recently passed our former colleague and current occupant of the chair, Vice President JOE BIDEN. This is not only a remarkable accomplishment of longevity for both men, it is also an opportunity for their colleagues to honor them for their decades of service to the people of Indiana and of Vermont.

Senator LEAHY isn't just the second most senior Senator in this body, he is also the chairman of the Judiciary Committee and a senior member of the Agriculture and Appropriations Committees. PAT and I got to know each other pretty well, alternating as chairman and ranking member of the Foreign Operations Subcommittee of Appropriations for over a decade. Somehow he finds time to also be an amateur photographer and to have a blossoming movie career. I have no doubt he gives most of the credit, of course, to Marcelle, his wife, with whom he will be celebrating a far more important milestone in the next month, their 50th wedding anniversary. So congratulations to PAT on both counts.

As for our friend Senator DICK LUGAR, I have known him going back to my first Senate campaign. He is the longest serving Member of Congress in Indiana history and one of America's most widely respected voices on foreign policy. In a career filled with many achievements and milestones, Senator LUGAR's leadership on the Nunn-Lugar Cooperative Threat Reduction Program is, in my opinion, his greatest and most lasting achievement with the American people—not only for the American people and for the security of this country, but for the promotion of peace throughout the world. Because of Senator LUGAR's work, thousands of nuclear warheads have been dismantled and the world is, indeed, a safer place.

Like Senator LEAHY, I know Senator LUGAR would say none of this would have been possible without the love and support of his wife of 55 years, Charlene. So I congratulate them both on this milestone and I join my colleagues in once again paying tribute to